

Net operating costs - The following cost centers:

- (i) Resident care costs
- (ii) Other resident related costs
- (iii) Administrative costs

New nursing facility - A newly constructed, licensed and certified nursing facility; or an existing nursing facility that has never participated in the MA Program or an existing nursing facility that has not participated in the MA Program during the past 2 years.

Nursing facility - A general nursing facility, hospital-based or county nursing facility, which is licensed by the Department of Health and enrolled in the MA Program.

Peer groups - Groupings of nursing facilities for payment purposes under the case-mix system.

Pennsylvania Case-Mix Payment System - The nursing facility payment system which combines the concepts of resident assessments and prospective payment.

Per diem rate - A comprehensive rate of payment to a nursing facility for covered services for a resident day.

Picture date - The first calendar day of the second month of each calendar quarter.

Preadmission screening and annual resident review - The preadmission screening process that identifies target residents regardless of their payment source; and the annual resident review process that reviews target residents to determine the continued need for nursing facility services and the need for specialized services.

Price - A derivative of the allowable costs of the net operating cost centers which has been adjusted by 117% for resident care costs; 112% for other resident related costs; and 104% for administrative costs.

Private pay rate - The nursing facility's usual and customary charges made to the general public for a semiprivate room inclusive of ancillary charges.

Private pay resident - An individual for whom payment for services is made with the individual's resources, private insurance or funds from liable third parties other than the MA Program.

RNAC - Registered Nurse Assessment Coordinator - An individual licensed as a registered nurse by the State Board of Nursing and employed by a nursing facility, and who is responsible for coordinating and certifying completion of the resident assessment.

RUG-III - Resource Utilization Group, Version III - A category-based resident classification system used to classify nursing facility residents into groups based on their characteristics and clinical needs.

Reappraisal - Ongoing appraisal of a nursing facility conducted at least once every 5 years.

Rebasing - The process of updating cost data for subsequent rate years.

Related party - A person or entity that is associated or affiliated with or has control of or is controlled by the nursing facility or has an ownership or equity interest in the nursing facility. The term "control," as used in this definition, means the direct or indirect power to influence or direct the actions or policies of an organization, institution or person.

Reorganized nursing facility - An MA participating nursing facility that changes ownership as a result of the reorganization of related parties or a transfer of ownership between related parties.

Replacement costs - The amount required to replace the entire nursing facility at one time with a modern new facility using the most current technology, code requirements/standards and construction materials that will duplicate the production capacity and utility of an existing facility at current market prices for labor and materials, less an allowance for accrued depreciation as evidenced by observed condition in comparison with new facilities of like kind, with consideration to physical deterioration.

Resident assessment - A comprehensive, standardized evaluation of each resident's physical, mental, psycho-social and functional status conducted within 14 days of admission to a nursing facility, promptly after a significant change in a resident's status and on an annual basis.

Resident day - The period of service for one resident for a continuous 24 hours of service. The day of the resident's admission is counted as a resident day. The day of discharge is not counted as a resident day.

Resident personal funds - Funds entrusted to a nursing facility by a resident which are in the possession and control of a nursing facility and are held, safeguarded, managed and accounted for by the facility in a fiduciary capacity for the resident.

Special rehabilitation facility - A nursing facility with residents more than 70% of whom have a neurological/neuromuscular diagnosis and severe functional limitations.

Target applicant or resident - An individual with a serious mental illness, mental retardation or other related condition seeking admission to or residing in a nursing facility.

Total facility CMI - The arithmetic mean CMI of all residents regardless of the residents' sources of funding.

Transportation equipment - Assets which are motor vehicles and special motorized conveyances which must be registered with the Department of Transportation.

UMR - Utilization Management Review - An audit conducted by the Department's medical and other professional personnel to monitor the accuracy and appropriateness of payments to nursing facilities and to determine the necessity for continued stay of residents.

Year One of Implementation - The period of January 1, 1996, through June 30, 1996.

Year Two of Implementation - The period of July 1, 1996, through June 30, 1997.

Year Three of Implementation and Thereafter - The period of July 1, 1997, through June 30, 1998, and each subsequent Commonwealth fiscal year.

SUBCHAPTER B. SCOPE OF BENEFITS

§1187.11. Scope of benefits for the categorically needy.

Categorically needy recipients as defined in §1101.21 (relating to definitions) are eligible for nursing facility services subject to the conditions and limitations established in this chapter and Chapter 1101 (relating to general provisions).

§1187.12. Scope of benefits for the medically needy.

Medically needy recipients as defined in §1101.21 (relating to definitions) are eligible for nursing facility services subject to the conditions and limitations established in this chapter and Chapter 1101 (relating to general provisions).

§1187.13. Scope of benefits for State Blind Pension recipients.

State Blind Pension recipients are not eligible for nursing facility services under the MA Program. Individuals who are blind or visually impaired are eligible for nursing facility services if they qualify as categorically or medically needy recipients.

§1187.14. Scope of benefits for qualified Medicare beneficiaries.

Qualified Medicare beneficiaries are eligible for nursing facility services only if they qualify as categorically or medically needy recipients.

SUBCHAPTER C. NURSING FACILITY PARTICIPATION

§1187.21. Nursing facility participation requirements.

In addition to meeting the participation requirements established in Chapter 1101 (relating to general provisions), a nursing facility shall meet the following requirements:

- (1) The nursing facility shall be licensed by the Department of Health.
- (2) Every bed licensed by the Department of Health in a nursing facility that participates in the MA Program shall be certified for MA participation.
- (3) The nursing facility shall abide by applicable Federal, State and local statutes and regulations, including Title XIX of the Social Security Act (42 U.S.C.A. §§1396 - 1396q), sections 443.1 - 443.6 of the Public Welfare Code (62 P.S. §§443.1 - 443.6) and applicable licensing statutes.
- (4) An MA-enrolled nursing facility with 60 or more licensed beds providing skilled nursing and rehabilitation services in accordance with the Medicare requirements shall also be enrolled in the Medicare Program to the extent that it has sufficient beds to accommodate all Medicare-eligible residents it is required to serve. This does not preclude a nursing facility with a bed complement of under 60 beds from enrolling in the Medicare Program.
 - (i) A nursing facility certified to participate in the Medicare Program shall have sufficient beds to accommodate its Medicare-eligible residents. Payment will be based on criteria found in §1187.101(b) (relating to general payment policy).
 - (ii) Failure to be enrolled and certified in the Medicare Program will result in denial of claims for a resident with both Medicare and MA coverage.

§1185.22. Ongoing responsibilities of nursing facilities.

In addition to meeting the ongoing responsibilities established in Chapter 1101 (relating to general provisions), a nursing facility shall, as a condition of participation:

(1) Assure that every individual applying for admission to the facility is prescreened by the Department as required by section 1919 of the Social Security Act (42 U.S.C.A. § 1396r(e)(7)) and 42 CFR Part 483, Subpart C (relating to preadmission screening and annual review of mentally ill and mentally retarded individuals).

(2) Assure that every individual who receives MA, who is eligible for MA or who is applying for MA, is reviewed and assessed by the Department or an independent assessor and found to need nursing facility services prior to admission to the nursing facility, or in the case of a resident, before authorization for MA payment.

(3) Assure immediate access to a resident by all of the following individuals:

(i) The resident's physician.

(ii) A representative of the Secretary of the United States Department of Health and Human Services.

(iii) A representative of the Commonwealth who is involved in the administration of the MA Program.

(iv) An ombudsman authorized by the Department of Aging, including those employed by a local area agency on aging.

(v) A representative of Pennsylvania Protection and Advocacy, the agency designated under Subchapter III of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C.A. §§6041 - 6043) and the Protection and Advisory for Mentally Ill Individuals Act of 1986 (42 U.S.C.A. §§10801 - 10851).

(4) Assure that it is necessary for each resident to remain in the nursing facility.

(5) Assure that each resident's assessment data are complete and accurate in accordance with Federal regulations and the *Health Care Financing Administration Resident Assessment Instrument Manual*.

(6) Assure that the resident assessment data and the resident verification report are valid for the picture date and are submitted within the time limits specified in §1187.33(a)(5)(relating to resident data reporting requirements).

(7) Assure that each invoice for nursing facility services provided to each MA resident is accurate.

(8) Have in operation a system for managing residents' funds that, at a minimum, fully complies with the requirements established by Federal law and Federal and State regulations in accordance with §1187.78 (relating to accountability requirements related to resident personal fund management).

(9) Cooperate with reviews and audits conducted by the Department and furnish the residents' clinical and fiscal records to the Department upon request.

(10) Provide written responses to the Department for UMR reports requiring corrective action.

(11) Take corrective action within acceptable time frames as described in UMR reports.

(12) File an acceptable cost report with the Department within the time limit specified in §1187.73 or §1187.75 (relating to annual reporting; and final reporting).

(13) In addition to meeting the reporting requirements of §1101.43 (relating to enrollment and ownership reporting requirements), notify the Department in writing within 30 days of a change in the name or address of corporate officers.

(14) Submit a written request for MA nursing facility participation to the Department if the nursing facility changes ownership and the new owner wishes the nursing facility to participate in the MA Program. The agreement in effect at the time of the ownership change will be assigned to the new owner subject to applicable statutes and regulations and the terms and conditions under which it was originally issued.

(15) Assure that individual resident information collected in accordance with this chapter is kept confidential and released only for purposes directly connected to the administration of the MA Program.

§1187.23. Nursing facility incentives and adjustments.

(a) The Department will make minimum occupancy adjustments to encourage nursing facility efficiency and economy associated with nursing facility occupancy levels. If the nursing facility's overall nursing facility occupancy level is below 90%, the Department will make an adjustment to total nursing facility resident days as though the nursing facility were at 90% occupancy. The Department will apply this 90% occupancy adjustment to the administrative cost component and the capital cost center.

(b) The Department will pay a disproportionate share incentive to a nursing facility that has a high overall occupancy and a high proportion of MA residents in accordance with §1187.111 (relating to disproportionate share incentive payments).

SUBCHAPTER D. DATA REQUIREMENTS FOR NURSING FACILITY APPLICANTS AND RESIDENTS

§1187.31. Admission or MA conversion requirements.

To receive payment for nursing facility services, a nursing facility shall meet the following admission or MA conversion requirements:

- (1) *Prescreening.* The nursing facility shall ensure that individuals applying for admission to the facility are prescreened by the Department as required by section 1919 of the Social Security Act (42 U.S.C.A. §1396r(e)(7)) and 42 CFR Part 483 Subpart C (relating to preadmission screening and annual review of mentally ill and mentally retarded individuals).
- (2) *Preadmission or MA conversion evaluation and determination.*
 - (i) The nursing facility shall ensure that before an MA applicant or recipient is admitted to a nursing facility, or before authorization for MA payment for nursing facility services in the case of a resident, the MA applicant, recipient or resident has been evaluated by the Department or an independent assessor and found to need nursing facility services.
 - (ii) The nursing facility shall maintain a copy of the Department's or the independent assessor's notification of eligibility in the business office.
- (3) *Notification to the Department.*
 - (i) The nursing facility shall notify the Department on forms designated by the Department whenever an MA applicant or recipient is admitted to the nursing facility or whenever a resident is determined eligible for MA.
 - (ii) The nursing facility shall submit information regarding target residents to the Department on forms designated by the Department within 48 hours of the admission of a target resident to the nursing facility.

(4) *Physician certification.* Within 48 hours of admission of a resident to a nursing facility or, if a resident applies for MA while in the nursing facility before the Department authorizes payment for nursing facility services, the nursing facility shall ensure that a resident's attending physician certifies in writing in the resident's clinical record that the resident requires nursing facility services.

1187.32. Continued need for nursing facility services requirements.

To receive payment for nursing facility services, a nursing facility shall meet the following continued need for nursing facility services requirements:

- (1) The nursing facility shall complete a new Federally approved PA specific MDS for a resident whenever there is a significant change in the resident's condition. The nursing facility shall maintain a copy of the new MDS in the resident's clinical record and submit the new MDS to the Department in accordance with §1187.33(a) (relating to resident data reporting requirements).
- (2) The nursing facility shall complete a new prescreening form for a resident whenever there is a change in the resident's condition that affects whether the resident is a target resident. The nursing facility shall maintain a copy of the new prescreening form in the resident's clinical record and notify the Department within 48 hours of the change in the resident's condition on forms designated by the Department.
- (3) The nursing facility shall ensure that a resident's attending physician, or a physician assistant or nurse practitioner acting within the scope of practice as defined by State law and under the supervision of the resident's attending physician, recertifies the resident's need for nursing facility services in the resident's clinical record at the time the attending physician's orders are reviewed and renewed, consistent with Department of Health licensure time frames for renewing orders.
- (4) The nursing facility shall notify the Department within 48 hours whenever the facility or resident's attending physician determines that the resident no longer requires nursing facility services. The notification shall be submitted on forms designated by the Department.
- (5) The nursing facility shall obtain a physician's certification and written order for the resident's discharge whenever a resident no longer requires nursing facility services.